

# EXHIBIT A

## LONG-TERM HOG PROCUREMENT AGREEMENT #3

### CONTRACT PRICE DETERMINATION FOR PLANT DELIVERED HOGS:

For period through November 5, 2000 (Subject to sections 2-a and 2-d)

Determine 20 week moving average of Omaha corn and Decatur/Central Ill. 44\* Soybean Meal. These averages are based on the 20 weeks prior to the previous week. Round corn to the closest \$0.10 per bushel and meal to the closest \$10.00 per ton.

For this example assume corn is \$2.00 and meal is \$130

From the LTHPA #3 PRICE MATRIX obtain the values for \$2.00 corn and \$130 meal.

\$38.90 Floor Price Matrix Value / Live Cwt.  
 \$52.17 Matrix Price / Carcass Cwt. (See section 2-a)  
 \$46.81 Guaranteed Minimum / Carcass Cwt. (No Transition Provisions--See section 2-d)  
 \$50.83 Guaranteed Minimum / Carcass Cwt. (With Transition Provisions--See section 3-d-1)

#### Example A:

Example A is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is greater than the Matrix Price.

Assume the Market Base Price is \$60.00 per carcass cwt.

Whenever the Market Base Price is greater than the Matrix Price, the Contract Price is equal to the midpoint between the Matrix Price and the Market Base Price.

Matrix Price	\$52.17
Market Base Price	\$60.00
Midpoint	\$56.08
<u>Contract Price</u>	<u>\$56.08</u>

#### Example B: No Transition Provisions

Example B is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is between the Matrix Price and the Guaranteed Minimum Price.

Assume the Market Base Price is \$48.00 per carcass cwt.

Whenever the Market Base Price is less than the Matrix Price, but above the Guaranteed Minimum Price the Contract Price is equal to the midpoint between the Matrix Price and the Market Base Price.

Guaranteed Minimum	\$46.81
Market Base Price	\$48.00
Matrix Price	\$52.17
Midpoint	\$50.08
<u>Contract Price</u>	<u>\$50.08</u>